

CITY OF GARNAVILLO, IOWA
URBAN RENEWAL PLAN AMENDMENT
GARNAVILLO URBAN RENEWAL AREA

November, 2012

The Urban Renewal Plan (the “Plan”) for the Garnavillo Urban Renewal Area (the “Urban Renewal Area”) is being amended for the purposes of (1) deleting the expiration date from the Plan; and (2) identifying new urban renewal projects to be undertaken within the Urban Renewal Area.

1) Deletion of Expiration Date. The expiration date is hereby deleted from the Urban Renewal Plan. The Urban Renewal Plan shall remain in effect until repealed by the City Council. The City will collect incremental property tax revenues under the Urban Renewal Plan for the maximum extent of time allowed in Chapter 403 of the Code of Iowa, unless sooner curtailed by action of the City Council.

2) Identification of Projects. By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following described project descriptions:

A) Name of Project: Industrial Road/Lincoln Street Project (the “Industrial Road Project”)

Name of Urban Renewal Area: Garnavillo Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1990

Date of Council Approval of Project: November 10, 2012

Description of Project and Project Site: The Industrial Road Project will consist of the repair and/or reconstruction of Industrial Road/Lincoln Street from its intersection with Highway 52 to its termination at the Municipal Wastewater Treatment Plant. The Industrial Road Project will include street work and related storm sewer, water main and sewer main reconstruction. It is anticipated that the Industrial Road Project will be undertaken in 2015, but this timeline is subject to change.

Description of Properties to be Acquired in Connection with Industrial Road Project: The City will acquire such easement territory and right-of-way as are necessary to successfully undertake the Industrial Road Project.

Description of Use of TIF for the Industrial Road Project: It is anticipated that the City will pay for the Industrial Road Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City’s obligation will be repaid with TIF Revenues. It is anticipated that the City’s use of Incremental Property tax revenues for Industrial Road Project will not exceed \$1,000,000.

B) Name of Project: Wastewater Treatment Improvements Project (the “WWTI Project”)

Name of Urban Renewal Area: Garnavillo Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1990

Date of Council Approval of Project: November 10, 2012

Description of Project and Project Site: The WWTI Project will consist of the construction of necessary improvements to the City’s wastewater treatment system at the Municipal Wastewater Treatment Plant and at the industrial park lift station. The WWTI Project will include the funding and carrying out of studies, engineering, design work, testing and construction of improvements. It is anticipated that the WWTI Project will be undertaken in 2015, but this timeline is subject to change.

Description of Properties to be Acquired in Connection with WWTI Project: The City will acquire such easement territory and right-of-way as are necessary to successfully undertake the WWTI Project.

Description of Use of TIF for the WWTI Project: It is anticipated that the City will pay for the WWTI Project with some combination of borrowed funds and the proceeds of internal advances of City funds on-hand. In both instances, the City’s obligations will be repaid with TIF Revenues. It is anticipated that the City’s use of Incremental Property tax revenues for the WWTI Project will not exceed \$2,000,000.

C) Name of Project: Municipal Building Project (the “Municipal Building Project”)

Name of Urban Renewal Area: Garnavillo Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1990

Date of Council Approval of the Municipal Building Project: November 10, 2012

Description of Private Development Project and Project Site: The Municipal Building Project will be constructed in the Urban Renewal. It is anticipated that the site of the Municipal Building Project will be situated on Industrial Rd, Lincoln St, or Highway 52 in the City (the “Property”). It is not anticipated that there will be private development directly involved with the Municipal Building Project, although it is expected that the completed Municipal Building Project will have a direct, positive impact on increased and improved commerce and development in the Urban Renewal Area through the provision of enhanced services and municipal facilities.

Description of Public Improvements: The Municipal Building Project will consist of the construction of a new building on the Property to serve as the site for City Hall, the police department, the fire department, the public works department and the emergency management services department. The Municipal Building Project will also include the

construction of public sidewalk, parking, storm water drainage, landscaping and other incidental utility and site improvements as are needed to optimize the new functionality of the Property.

Description of Properties to be Acquired in Connection with Municipal Building

Project: The City has or will acquire the Property for the carrying out of the Municipal Building Project.

Description of Use of TIF: The City intends to pay the costs of the Municipal Building Project in the amount of \$1,000,000. The City will likely issue bonded indebtedness to raise the capital for the construction of the Municipal Building Project. The City may also use internal advances of funds to cover certain Municipal Building Project costs. The City intends to, in part, use incremental property tax revenues derived from the Urban Renewal Area to pay a portion of the debt service on the City's bonds or notes and to repay any internal advances of funds made with respect to the Municipal Building Project.

Analysis of Use of TIF: In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the Municipal Building Project and alternative development and funding options for the Municipal Building Project. The results of that analysis are summarized as follows:

i) Alternate Development Options: The City Council has determined that a need exists for the provision of new and improved City Hall, police, fire, emergency management services and public works facilities in the Urban Renewal Area. The City's ability to fulfill its duties of police, fire and emergency management protection in the Urban Renewal Area is diminished by inadequate, outdated and undersized administrative facilities. In addition, the City's ability to provide timely, effective and efficient services in the areas of public infrastructure management, land use management, permit and building inspections is hindered by inadequate, outdated and undersized administrative facilities. Promoting other types of development on the Property will not meet the public need being addressed by the Municipal Building Project.

ii) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: The Local Option Sales and Services Tax Revenues are authorized to be used by the City for property tax relief purposes. The City has dedicated the portion of local option taxes available for property tax relief to supporting the City's general fund. The City does anticipate using some Local Option Sales and Services Tax Revenues to pay a portion of the costs of the Municipal Building Project.

* General Fund: The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City cannot access its General

Fund reserves to aid in the Municipal Building Project funding without risking unsound fiscal practice.

* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

* Debt Service Levy: The City does not have authority to levy a debt service tax for general obligation indebtedness for the Municipal Building Project. It is not feasible for the City to acquire the authority, either through full referendum or reverse referendum, to issue general obligation indebtedness for the Municipal Building Project without the ability to assure the voting public that tax increment financing will be available to assist with the funding. The use of tax increment financing will lessen the burden on individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City’s successful economic development initiatives.

* Utility Surpluses: The City does not have identified surpluses in its sewer and water utility funds that could aid in the funding of the Municipal Building Project.

* Grants The City has not received any grants for the payment of a portion of the Municipal Building Project, however, the City continues to proceed with due diligence to research the availability of grants to the City for the Municipal Building Project.

3) Required Financial Information. The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

Constitutional debt limit of the City:	<u>\$1,545,369.60</u>
Outstanding general obligation debt of the City:	<u>\$ 453,000.00</u>
Proposed maximum indebtedness to be incurred in connection with this October 2012 Amendment	<u>\$4,000,000.00</u>